



FINANCIAL STATEMENTS of the Thrift Savings Fund— 2005 and 2004



Independent Auditors' Report

To the Board Members and the Executive Director
Federal Retirement Thrift Investment Board

We have audited the accompanying statements of net assets available for benefits of the Thrift Savings Fund (the "Fund") as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Federal Retirement Thrift Investment Board. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

McLean, Virginia
March 24, 2006

THRIFT SAVINGS FUND

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2005 AND 2004 (In thousands)

ASSETS	2005	2004
Investments, at fair value:		
U.S. Government Securities Investment Fund	\$64,450,420	\$56,670,880
Barclays U.S. Debt Index Fund	10,257,133	9,732,943
Barclays Equity Index Fund	66,739,667	63,218,611
Barclays Extended Market Index Fund	13,720,155	9,644,143
Barclays EAFE Index Fund	12,641,836	7,021,069
Participant loans	4,860,369	5,105,715
Total investments	172,669,580	151,393,361
Receivables:		
Employer contributions	176,520	166,045
Participant contributions	560,739	507,034
Accrued interest receivable	8,280	0
Total receivables	745,539	673,079
Fixed assets:		
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of \$9,898 in 2005 and \$7,342 in 2004	3,688	4,533
Data processing software, net of accumulated amortization of \$22,629 in 2005 and \$17,577 in 2004	31,925	37,306
Total fixed assets	35,613	41,839
Other assets:	1,593	5,460
Total assets	173,452,325	152,113,739
LIABILITIES		
Accounts payable	44,248	22,148
Accrued payroll and benefits	846	921
Benefits and participant loans payable	52,768	40,941
Deferred rent and lease credits	286	217
Due for securities purchased	70,371	35,757
Total liabilities	168,519	99,984
FUNDS RESTRICTED FOR THE PURCHASE OF FIDUCIARY INSURANCE	(4,736)	(4,829)
NET ASSETS AVAILABLE FOR BENEFITS	\$173,279,070	\$152,008,926

THRIFT SAVINGS FUND

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In thousands)

ADDITIONS	2005	2004
Investment income (loss):		
U.S. Government Securities Investment Fund	\$2,680,513	\$2,346,104
Net appreciation (depreciation) in fair value of Barclays funds:		
Barclays U.S. Debt Index Fund	242,410	408,397
Barclays Equity Index Fund	3,151,976	6,115,843
Barclays Extended Market Index Fund	1,147,261	1,249,934
Barclays EAFE Index Fund	1,278,646	870,403
Interest income on participant loans	208,054	237,684
Asset manager rebates	2,280	1,778
Less investment expenses	(9,570)	(4,503)
Net investment income (loss)	8,701,570	11,225,640
Contributions:		
Participant	13,266,129	11,980,077
Employer	4,551,480	4,238,199
Total contributions	17,817,609	16,218,276
Total additions	26,519,179	27,443,916
DEDUCTIONS		
Benefits paid to participants	4,998,313	4,110,891
Administrative expenses	94,896	91,896
Participant loans declared taxable distributions	155,919	157,496
Total deductions	5,249,128	4,360,283
CHANGE IN FUNDS RESTRICTED FOR THE PURCHASE OF FIDUCIARY INSURANCE	93	149
Net increase	21,270,144	23,083,782
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	152,008,926	128,925,144
End of year	\$173,279,070	\$152,008,926

See notes to financial statements and Independent Auditors' Report.

THRIFT SAVINGS FUND

Notes to Financial Statements

Years Ended December 31, 2005 and 2004

(1) PLAN DESCRIPTION

The following description is provided for general information purposes. Participants should refer to the *Summary of the Thrift Savings Plan* and applicable legislation for more complete information.

General

The Thrift Savings Plan (the Plan or the TSP) is a retirement savings and investment plan for Federal employees and members of the uniformed services. It was authorized by the United States Congress in the Federal Employees' Retirement System Act of 1986 (FERSA). The Plan provides Federal employees and members of the uniformed services with a savings and tax benefit similar to what many private sector employers offer their employees. The Plan was primarily designed to be a key part of the retirement package (along with a basic annuity benefit and Social Security) for employees who are covered by the Federal Employees' Retirement System (FERS).

The Plan is administered by an independent Government agency, the Federal Retirement Thrift Investment Board (the Agency), which is charged with operating the Plan prudently and solely in the interest of the participants and their beneficiaries. Assets of the Plan are maintained in the Thrift Savings Fund (the Fund).

Federal employees who are participants of FERS, the Civil Service Retirement System (CSRS), or equivalent retirement plans, as provided by statute, and members of the uniformed services, are eligible to join the Plan immediately upon being hired. Generally, FERS employees are those employees hired on or after January 1, 1984, while CSRS employees are employees hired before January 1, 1984, who have not elected to convert to FERS. Each group has different rules that govern contribution rates. As of December 31, 2005, there were approximately 3.6 million participants in the Plan, with approximately 2.8 million contributing their own money.

Contributions

The Plan is a defined contribution plan and, as such, specifies how much an employee may contribute and how much the employing agency must contribute to each FERS employee's account. In 2005 and 2004, FERS employees could contribute up to 15 percent and 14 percent, respectively, of their basic pay each pay period, on a tax-deferred basis, and were entitled to receive agency matching contributions on the first 5 percent, according to a formula prescribed by FERSA (5 U.S.C. § 8432(c)). In 2005 and 2004, CSRS employees and members of the uniformed services could contribute up to 10 percent and 9 percent, respectively, of their basic pay each pay period, on a tax-deferred basis. Uniformed services members may also contribute up to 100 percent of designated special pay, incentive pay, and bonuses. The Federal Government or uniformed services do not match any of this amount. For FERS employees, their employing agencies also contribute an agency automatic contribution equal to one percent of each employee's basic pay each pay period, as defined in FERSA (5 U.S.C. § 8401(4)).

In accordance with the Internal Revenue Code, no participant could contribute more than \$14,000 and \$13,000 in 2005 and 2004, respectively. This limit will increase to \$15,000 in 2006. Participants age 50 and older who are already contributing the maximum amount of contributions for which they are eligible may make supplemental tax-deferred catch-up contributions (up to \$3,000 in 2004, \$4,000 in 2005, and \$5,000 in 2006) from their basic pay. Participants may also transfer funds from traditional individual retirement accounts (IRAs) or other eligible employer plans into the Plan.

Investments

Pursuant to FERSA (5 U.S.C. § 8438), Plan participants are offered five investment funds: the Government Securities Investment Fund (G Fund), the Fixed Income Investment Fund (F Fund), the Common Stock Index Investment Fund (C Fund), the Small Capitalization Stock Index Investment Fund (S Fund), and the International Stock Index Investment Fund (I Fund). Participants may allocate any portion of their contributions among the five investment funds. Also, participants may reallocate their entire account balance among the five investment funds through the interfund transfer process. Participants can make an interfund transfer daily, without an annual limit.

The Agency has contracted with Barclays Global Investors (Barclays) to manage the index funds in which the F, C, S, and I Fund assets are invested.

On August 1, 2005, the Agency initiated the TSP L (Lifecycle) Funds. These are asset allocation portfolios designed for the TSP by Mercer Investment Consulting, Inc., with investment mixes, based on the Plan's existing investment funds, tailored to a target time horizon when the participant intends to withdraw the funds. As described in the *TSP L Funds Information Sheet* on the TSP Web site (www.tsp.gov), the L 2020 Fund, the L 2030 Fund and the L 2040 Fund are designed for participants who will withdraw their accounts five years before or after the year in the title of the account. The L 2010 Fund is for participants who will withdraw their accounts between 2008 and 2014, and the L Income Fund is designed to produce current income for the participants who are already receiving money from their accounts through monthly payments and for participants who plan to withdraw or begin withdrawing their accounts by 2008. The asset allocations are based on Mercer's economic assumptions regarding future investment returns, inflation, economic growth, and interest rates, and are adjusted quarterly, moving to a more conservative mix over time. Between quarterly adjustments, the asset allocations of each fund are maintained through daily rebalancing to that fund's target allocation.

Vesting

Plan participants are immediately vested in all of their own contributions and attributable earnings. Participants are also immediately vested in any agency matching contributions made to their accounts and attributable earnings. In order to be vested in the agency automatic (1%) contributions, a FERS employee must have either 2 or 3 years of service as described in section 8432(g) of FERSA. FERS employees who are not vested and who separate from the Federal Government forfeit all agency automatic contributions and attributable earnings. Forfeited funds, consisting primarily of monies forfeited pursuant to 8432(g), totaled \$13,439,000 in 2005 and \$10,822,000 in 2004 and, by law, are used by the Plan to pay accrued administrative expenses. If the forfeited funds are not sufficient to meet all administrative expenses, earnings on investments are then charged.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contributions and agency automatic and matching contributions, and charged with withdrawals. The value of the participant's account reflects the number of shares and the daily share prices of the funds in which the participant is invested. Administrative expenses are a component of the share price calculation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant Loans

Participants may apply for loans from their accounts. There are two types of Plan loans: general purpose and residential. General purpose loans can be obtained for any purpose, with a repayment period from 1 to 5 years. Residential loans can be obtained for the purpose of purchasing a primary residence, with a repayment period from 1 to 15 years. Participant loans may only be taken from participant contributions and attributable earnings. The minimum loan amount is \$1,000.

The interest rate for loans is the G Fund rate at the time the loan agreement is issued by the Agency's record keeper. The rate is fixed at this level for the life of each loan. Participant loans are valued at their unpaid balances, which approximate fair value. Interest earned on loans is allocated to the participant's account upon repayment.

By regulation, the Agency must identify each calendar quarter any participant loan that is in default. The participant then has until the end of the following calendar quarter to pay the overdue amount. If not paid, a taxable distribution of the unpaid loan balance, plus accrued interest, will be declared. Participants should refer to the booklet titled *TSP Loans* for more information.

Payment of Benefits

After leaving service, participants may elect benefit withdrawals in the form of a partial withdrawal or a full withdrawal as a single payment, a series of payments, or a life annuity. Participants may choose to combine any two, or all three, of the available full withdrawal options. Participants should refer to the booklet titled *Withdrawing Your TSP Account After Leaving Federal Service* for more complete information.

Participants should refer to the booklet *TSP In-Service Withdrawals* for information on withdrawal options while employed in Federal service.

Hurricane-Related Matters

On August 29, 2005, Hurricane Katrina disrupted the operations of the NFC, which was located in New Orleans, LA. Because daily processing of TSP transactions and activity is handled through the TSP record keeping system located in Virginia, it was not affected by the hurricane. Both the TSP call centers in Maryland and Virginia, as well as the TSP Web site, served participants without interruption. The Agency moved other functions being performed at the NFC to its alternative sites in Virginia and Alabama and to the Agency's Washington, DC, offices. The NFC continues to perform some of its functions and has now relocated back to the New Orleans site.

Currently, the TSP's regulations prohibit participants from requesting a financial hardship in-service withdrawal from their accounts if they have received another financial hardship withdrawal within the last 6 months. A temporary regulation (effective October 1, 2005, through December 31, 2005) deletes that restriction for a financial need that results from hurricanes Katrina, Wilma, or Rita. In addition, a participant who obtains a financial hardship in-service withdrawal may not contribute to the TSP for a period of 6 months after the withdrawal is processed. The temporary regulation provides that the TSP will not extend this contribution suspension period if the participant's contributions have already been suspended due to a previous hardship distribution. The participant must certify on the application that the financial need is related to a hardship caused by hurricane activity. The period of relief for financial hardship in-service withdrawals has been extended until March 31, 2006.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recognized when incurred. Benefits and participant loans payable are recorded when disbursed from participants' accounts.

B. Investments. All investments are stated at fair value, based upon the quoted market values of the underlying securities at year-end. The Agency invests in (or redeems from) the Fund's investment funds on a daily basis. Purchases and sales of securities are recorded on a trade-date basis.

During the years ended December 31, 2005 and 2004, the Plan's investment funds consisted of the following (objectives of the investment funds are described in the various TSP Fund Information Sheets):

The G Fund was invested in short-term nonmarketable U.S. Treasury securities specially issued to the Thrift Savings Plan. All investments in the G Fund earned interest at a rate that is equal, by law, to the average of market rates of return on outstanding U.S. Treasury marketable securities with 4 or more years to maturity.

The F Fund was invested primarily in the Barclays U.S. Debt Index Fund "E", which in turn holds shares of the Barclays U.S. Debt Index Master Fund. Both the U.S. Debt Index Fund "E" and the Master Fund are passively managed commingled funds that track the Lehman Brothers U.S. Aggregate Bond Index.

As of December 31, 2005, the Barclays U.S. Debt Index Master Fund contained approximately 39 percent mortgage-backed securities, 23 percent investment-grade corporate securities (U.S. and non-U.S.), 25 percent Treasury securities, 11 percent Federal agency securities, and 2 percent of asset-backed securities and taxable municipals. The mortgage-backed sector contains securities guaranteed by the Government National Mortgage Association, Fannie Mae, and Freddie Mac, as well as a small number of commercial mortgage-backed and asset-backed securities.

As of December 31, 2005, the Barclays U.S. Debt Index Master Fund held 3,966 securities totaling \$25.3 billion, with a weighted average life of 6.82 years. The U.S. Debt Index Fund "E" held shares of the Master Fund totaling \$11.7 billion, and the F Fund holdings constituted \$10.3 billion of the December 31, 2005, value of the "E" Fund. As of December 31, 2004, the F Fund holdings constituted \$9.7 billion of the value of the "E" Fund.

The C Fund was invested primarily in the Barclays Equity Index Fund "E", which in turn holds shares of the Barclays Equity Index Master Fund, plus a liquidity reserve that is invested in futures contracts. Both the Equity Index Fund "E" and the Master Fund are passively managed commingled funds that track the S&P 500 Index.

The Equity Index Master Fund holds stocks of all the companies represented in the S&P 500 Index in virtually the same weights as they are represented in the S&P 500 Index. As of December 31, 2005, the Barclays Equity Index Master Fund held \$121.4 billion of securities. The Barclays Equity Index Fund "E" held shares of the Master Fund totaling \$86.0 billion, and the C Fund holdings constituted \$66.7 billion of the December 31, 2005, value of the "E" Fund. As of December 31, 2004, the C Fund holdings constituted \$63.2 billion of the value of the "E" Fund.

The S Fund was invested primarily in the Barclays Extended Market Index Fund "E", which in turn holds shares of the Barclays Extended Market Master Fund, plus a liquidity reserve that is invested in futures contracts. Both the Barclays Extended Market Index Fund "E" and the Master Fund are passively managed commingled funds that track the Wilshire 4500 Index by holding most of the stocks with larger capitalizations in virtually the same weights as they are represented in the index, and by holding a representative sample of the remaining stocks in the index.

As of December 31, 2005, the Barclays Extended Market Index Master Fund held \$19.7 billion of securities. The Barclays Extended Market Index Fund "E" held shares of the Master Fund totaling \$15.3 billion, and the S Fund holdings constituted \$13.7 billion of the December 31, 2005, value of the "E" Fund. As of December 31, 2004, the S Fund holdings constituted \$9.6 billion of the value of the "E" Fund.

The I Fund was invested primarily in the Barclays EAFE (Europe, Australasia, Far East) Index Fund “E”, which in turn holds shares of the Barclays EAFE Index Master Fund, plus a liquidity reserve that is invested in futures contracts. Both the Barclays EAFE Index Fund “E” and the Master Fund are passively managed commingled funds that track the Morgan Stanley Capital International EAFE Index. The Barclays EAFE Index Master Fund holds stocks of all the companies represented in the EAFE Index in virtually the same weights as they are represented in the index.

As of December 31, 2005, the Barclays EAFE Index Master Fund held \$49.4 billion of securities. The Barclays EAFE Index Fund “E” held shares of the Master Fund totaling \$12.4 billion, and the I Fund holdings constituted \$12.6 billion of the December 31, 2005, value of the “E” Fund. As of December 31, 2004, the I Fund holdings constituted \$7.0 billion of the value of the “E” Fund.

The F Fund, C Fund, S Fund, and I Fund include temporary investments in the same securities held by the G Fund pending purchase of shares in their respective index funds and to cover liquidity needs, such as loans and withdrawals from the Thrift Savings Fund.

Certain Barclays funds in which the C, S, and I Funds are invested may invest in futures contracts and other derivatives to the extent contemplated by the fund guidelines. As part of the investment strategies, derivative instruments may be used to provide liquidity for daily investments, or to manage currency, interest, and other exposures.

The F, C, S, and I Funds also participate in securities lending activities, under agreements between Barclays and third parties to lend debt and equity securities in exchange for collateral. The collateral received may be invested in cash collateral funds managed by Barclays, which in turn invest in money market securities and instruments. The cash collateral funds may also invest in certain derivative financial instruments, including swaps and futures. As of December 31, 2005 and 2004, the TSP’s maximum exposure to credit risk should the counterparties fail to perform and the collateral received prove to be of no value, was approximately \$21.2 million and \$16.8 million, respectively.

During 2005, the TSP made available to participants five additional investment options, called the Lifecycle Funds (or L Funds). The L Funds are intended to meet the investment needs of the Plan participants with time horizons that fall into five different date ranges of 2010, 2020, 2030, 2040, and L Income (designed for horizons sooner than 2008). The L Funds diversify participant accounts among the G, F, C, S, and I Funds. The table below depicts how the participants’ account balances in the various investment options are allocated among the core TSP funds.

Investment Summary by Fund as of December 31, 2005
(in millions \$)

Investment Options	G Fund Investment	F Fund Investment	C Fund Investment	S Fund Investment	I Fund Investment	Total
G Fund	\$ 61,916					\$ 61,916
F Fund		\$ 9,634				9,634
C Fund			\$ 64,184			64,184
S Fund				\$ 12,746		12,746
I Fund					\$ 11,255	11,255
L Income	401	33	65	16	27	542
L 2010	999	156	585	173	322	2,235
L 2020	851	248	1,045	368	581	3,093
L 2030	223	123	516	217	284	1,363
L 2040	35	67	278	119	165	664
Differences*	25	(4)	67	81	8	177
Statement of Net Assets	<u>\$ 64,450</u>	<u>\$ 10,257</u>	<u>\$ 66,740</u>	<u>\$ 13,720</u>	<u>\$ 12,642</u>	<u>\$ 167,809</u>

* Differences are a result of timing differences, including investment transactions not settled as of December 31, 2005. These differences may not be allocated down to the L Funds until the following business day.

C. Fixed Assets. Fixed assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows:

Furniture and Equipment	3 to 10 years
Leasehold Improvements	10 years
Data Processing Software	3 to 10 years

Depreciation expense was approximately \$7.6 million and \$6.3 million, respectively, for the years ended December 31, 2005 and 2004.

D. Earnings Allocation. Net earnings are used to calculate the daily share price of each investment fund as defined in regulations issued by the Agency (5 CFR Part 1645).

E. Contributions Receivable. Contributions receivable are estimated as the amount of contributions recorded through the first 2 weeks of the month following the date of the financial statements and represent both participant and employer portions of contributions.

F. Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

(3) INCOME TAX STATUS

FERSA (5 U.S.C. § 8440(a)(1)) states that the Thrift Savings Fund shall be treated as a trust as described in section 401(a) of the Internal Revenue Code (Code), which is exempt from taxation under section 501(a) of the Code. This status was reaffirmed in the Tax Reform Act of 1986, Section 1147 (codified at I.R.C. § 7701(j)). It is not necessary for the Plan to apply for a tax status determination letter since it is qualified by statute.

(4) COMMITMENTS AND CONTINGENCIES

The Agency has entered into Interagency Agreements with the Department of Agriculture's National Finance Center (NFC). Under the agreements, the NFC performs record keeping support of participant account balances (operations). These agreements may be canceled by the Agency with 3 months' notice or by the Department of Agriculture with one year's notice. The NFC's fees for fiscal year 2006 are estimated to be \$12.34 million.

The Agency has entered into a contract with SI International to perform TSP software maintenance and development, systems operations, and record keeping support. The annual cost of this service is approximately \$24.6 million.

In 2005, the Agency competed the NFC services for a call center that responds to telephone and written inquiries from participants. (This call center was in addition to the second call center established in June 2004 to provide parallel services.)

On June 20, 2005, the Agency contracted with SI International to provide a parallel call center in Clintwood, VA. This call center became operational on September 1, 2005. The NFC service was scheduled to be terminated effective September 30, 2005, but was suspended earlier due to the effects of Hurricane Katrina.

The new call center supplements the call center services provided by Spherix, Inc., and handles participants' written inquiries. The two call centers complement each other during normal operations and back up each other during weather-related or other local events that could otherwise interrupt service. The term of each of the call center contracts is one year, with four one-year options renewable at the Agency's discretion. The Spherix contract value for fiscal year 2006 is approximately \$4 million. The SI International call center contract value for fiscal year 2006 is approximately \$3 million.

The Agency leases the office space it occupies in Washington, DC, and Clintwood, VA, under operating leases. The Washington, DC, operating lease ends in 2012, with an option to extend for two 5-year periods. Monthly base rental payments under the lease range from approximately \$106,000 to \$127,000. Rent expense is recorded on a straight-line basis over the lease term. The Clintwood, VA, operating lease ends in 2010, with an option to extend for two 5-year periods. Monthly base rental payments under the lease are \$12,548. Rent expense under the leases was approximately \$2.2 million for each of the years ended December 31, 2005 and 2004.

Future minimum lease commitments under the operating lease are as follows:

CY2006	\$ 1,498,812
CY2007	\$ 1,525,843
CY2008	\$ 1,553,348
CY2009	\$ 1,581,328
CY2010	\$ 1,559,590
Thereafter	\$ 3,007,092
	<u>\$10,726,013</u>

(5) FIDUCIARY INSURANCE

FERSA (5 U.S.C. § 8479(b)(1)) provides that the Executive Director may assess Federal agencies for the purpose of buying fiduciary insurance. The Agency's Executive Director exercised this authority in 1987 and required agencies to submit an amount equal to one percent of their agency automatic contributions. Such sums were collected during 1987 and 1988 and are invested to the extent not currently required to purchase fiduciary insurance. In February 1988, the Executive Director instructed agencies to discontinue the one percent fiduciary insurance contributions. The balance of funds available for the purchase of fiduciary insurance as of December 31, 2005 and 2004, were \$4,736,000 and \$4,829,000, respectively, which have been invested in the same securities held by the G Fund and included in total investments on the accompanying statements of net assets available for benefits, with a corresponding reduction in the net assets available for benefits. Such amounts cannot, by statute, be allocated to participants' accounts. The Agency has determined that the current insurance reserve is adequate to fund coverage needs for the foreseeable future.

(6) SUBSEQUENT EVENT

On March 9, 2006, the Department of Agriculture submitted formal notification to the Agency that it was canceling its agreement with the Agency effective June 9, 2006. The Agency is in the process of planning the orderly transition of the functions currently performed by the NFC and negotiating final terms and conditions of the cancellation.